

PRISMS

Quarterly Report

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ACRONYMS

CBN	Central Bank of Nigeria
COP	Chief of Party
DA	Development Associates, Limited
DFD	Development Finance Department, Central Bank of Nigeria
FAO	Food and Agriculture Organization
FSM	Financial Services Manager
GON	Government of Nigeria
IR	Intermediate Result
KRA	Key Result Area
LOP	Life of Project
M&E	Monitoring and Evaluation
MEIS	Monitoring and Evaluation Information System, Chemonics
MFI	Microfinance Institution
MSME	Micro, Small and Medium-Sized Enterprise
MOU	Memorandum of Understanding
NBFI	Non-Bank Financial Institution
OFID	Other Financial Institutions Department, Central Bank of Nigeria
OMM	Operations and Monitoring and Evaluation Manager
PB	PRISMS Partner Banks
PIR	Project Intermediate Result
PMP	Performance Monitoring Plan
PRISMS	Promoting Improved Sustainable MSME Financial Services
SMEIS	Small Medium Equity Investment Scheme
SO	Strategic Objective
STTA	Short Term Technical Assistance
UBA	United Bank of Africa
UBN	Union Bank of Nigeria
UNDP	United Nations Development Program
USAID	U.S. Agency for International Development
WB	World Bank

SECTION I

Activity Objectives

The Promoting Improved Sustainable MSME Services (PRISMS) Project is focused on increasing the capacity of the Nigerian financial services industry to provide appropriate financial services to micro, small, and medium-sized enterprises (MSMEs). PRISMS is designed to assist USAID/Nigeria in the implementation of its Country Strategic Plan for the 2004-2009 period. Specifically, PRISMS supports the Mission's Strategic Objective 12 (SO12), Improved Livelihoods in Selected Areas. The PRISMS project results framework has three project intermediate results (PIR) and five key results areas (KRA):

- PIR 1: Improved Capacity of Commercial Banks to Serve MSME Sector
 - KRA 1.1: Improved Capacity of Commercial Banks to serve MSMEs
 - KRA 1.2: Increased Awareness by Partner Banks of MSME Market
- PIR 2: Increased Capacity of Non-Bank Financial Institutions to Serve MSMEs
 - KRA 2.1: Increased capacity of NBFIs to attract commercial capital
- PIR 3: Improved Enabling Environment
 - KRA 3. 1: Enhanced Policy Environment and Legal Framework
 - KRA 3. 2: OFID Supervision Strengthened

Through partnerships with the Nigerian financial services sector, the Central Bank of Nigeria, USAID, and other donors, PRISMS is engaging the commercial banking industry to build on the industry's awareness that it must focus on retail banking and that the greatest retail banking potential, is with the MSME sector. These activities are addressed under PIR 1 and recognize that commercial banks are the only entities which have the resources, outreach, organization and motivation, to expand and transform financial services for MSMEs on a scale commensurate with the demand. At the same time, PRISMS under PIR 2 is encouraging and assisting commercial banks to provide loan capital funding facilities to NBFIs as an entry strategy to the MSME market, while encouraging other donor financial services projects to enhance NBFIs' institutional capacity, thereby providing commercial banks with confidence that NBFIs are credit worthy. Concurrently under PIR 3, PRISMS will assist with a number of policy reform and supervisory initiatives with the Central Bank of Nigeria, in order to improve both the enabling environment for provision of MSME services through commercial banks and the supervision of NBFIs.

SECTION II

Executive Summary

This report summarizes progress made during the first quarter of 2005 reporting period of the PRISMS implementation phase. PRISMS' first 2004 quarterly report detailed a number of initial project activities and achievements, including logistical achievements (hiring of operations staff, office set-up) as well as the development and submission of PRISMS's Performance Monitoring Plan and First Annual Work Plan. The second quarter 2004 saw significant first steps made toward achievement of proposed benchmarks in several of the project's five Key Results Areas. This report shows how our activities have remained in keeping with our main project implementation pillars or strategies, as described in the annual work plan: encouraging and supporting commercial bank servicing of the MSME market; assisting CBN with policy and supervisory activities; collaborating with other donor supported financial services projects to leverage PRISMS' initiatives and resources. Section IV discusses activities and progress against project benchmarks, as per the annual work plan. Section V reports against agreed PMP targets and Section VI presents specific project constraints, opportunities, and upcoming activities. Significant technical achievements during the reporting period are summarized below:

- **Additional Cooperating Commercial Banks:** During the quarter PRISMS added six additional commercial banks to those with which it is already working (UBN, UBA, PB); the additional banks are: First Bank of Nigeria; Platinum Bank; Zenith Bank; EcoBank; NAL Bank; AfriBank. All have demonstrated high interest in working with PRISMS to access the MSME market and several are considering initiatives suggested by PRISMS, which are described below.
- **LAPO Funding Proposal:** PRISMS has presented LAPO's loan capital funding facilities proposal to seven commercial banks, of which four are expressing high interest and giving the proposal serious consideration. It is anticipated that during March one or more of the interested banks will agree to provide facilities.
- **Tripartite Consolidation Assessment:** The tripartite consultant team (USAID-World Bank-DFID) spent two weeks in Nigeria meeting with both GON and private financial sector officials on the impact of N25b bank recapitalization. PRISMS provided all the local consulting expertise, research materials and logistical support for the team. The team departed satisfied that all necessary officials had been interviewed and sufficient data collected for completion of the assessment report and recommendations. The draft report will be issued during March.
- **Grameen Foundation USA:** Grameen Foundation is the primary provider of support and technical assistance to LAPO and met with PRISMS during GFs most recent visit to Nigeria. In addition to discussing PRISMS' efforts to obtain loan capital facilities for LAPO, GF explained that it wants to expand its assistance efforts in Nigeria beyond LAPO; PRISMS therefore suggested that GF and PRISMS partner in such an effort and PRISMS has already facilitated contact between GF and the forthcoming IFAD/FAO Rural Finance Project.
- **IFAD/FAO Rural Finance Project Design Assistance:** The IFAD/FAO design team visited PRISMS to discuss its most recent draft design and PRISMS suggested a number of substantial changes, which have now been incorporated into a new draft design which is presently being reviewed internally.

- **USAID JOBS Project:** PRISMS has for some time been attempting to assist the JOBS Project to develop a co-lending arrangement with a Kano-based NBFi, to finance the business ventures of JOBS graduates. The assistance effort has experienced some difficult phases, but finally through the diligent efforts of PRISMS' staff, an arrangement was agreed between JOBS and Women's Development Initiative of Kano.
- **MSME Mapping Survey Report:** The draft report of the MSME mapping survey commissioned by PRISMS, has been delivered by Development Associates. The report is presently undergoing thorough editing by PRISMS and will be available for review during the latter part of March.
- **Prudent Bank NBFi Assessment:** For one year Prudent Bank has extended a loan capital funding facility to a community bank, but Prudent Bank is unhappy with the relationship as it is not going as they intended. In order to salvage the arrangement, plus provide a model for future such arrangements by PRISMS' partner commercial banks, PRISMS offered to assess the relationship and make recommendations. PB accepted the offer and PRISMS and PB are jointly currently making the assessment and agreeing salvage recommendations.
- **Other Financial Institutions Department-CBN:** At OFID's request, PRISMS and OFID have agreed that PRISMS will develop and provide TOT, for an introductory course for OFID examiners informing what examiners should know about microfinance institutions' structure and operations, as OFID is of the opinion that once the new MSME financing policy is issued by CBN, many community banks will find it advantageous to convert to microfinance institutions, yet OFID's examiners have no experience with microfinance institutions. The terms of reference for the course have been agreed by PRISMS and OFID and once an appropriate course development consultant has been identified by Chemonics, the scope of work will be presented to the Mission for approval.
- **United Bank for Africa:** UBA has requested PRISMS technical assistance for the design phase of a fund with an initial capitalization of \$15 million, which will both invest in NBFIs serving the MSME market, as well as providing such NBFIs loan capital funding facilities. PRISMS has agreed to provide the international consultant, while UBA will provide local consultants. Additionally, PRISMS obtained UBA's agreement to approach the World Bank Group's new MSME project to join with provision of technical assistance to the fund and WBG has agreed. PRISMS has provided UBA with terms of reference for provision of the international consultant, which UBA management is now reviewing.
- **Community Banks Management Course:** The draft curriculum of the Community Banks Management Course has been delivered and is now under review.
- **GTZ/PRISMS Training Delivery Collaboration:** GTZ is engaged in limited training of community banks but doesn't have the resources to develop additional course material, whereas PRISMS has already developed one course for community banks and is in the process of developing two more, but should not be in the community banks training business. So, PRISMS and GTZ have agreed that PRISMS will provide the collaboration with the three course curricula which it has developed and is developing and, PRISMS and GTZ will engage Development Associates to both align their respective curricula, as well as deliver the TOT. GTZ will then ensure that the trained trainers deliver the course materials to community banks until the IFAD/FAO Rural Finance Project is in operation, at which time GTZ and IFAD/FAO will collaborate on facilitating delivery of the training.
- **PRISMS/World Bank Group MSME Project:** The PMU which will oversee WBG's MSME project is in process of establishment and the PMU's team leader and one of the

Washington-based design team visited PRISMS to further the ongoing discussions about collaboration. PRISMS stressed that the MSME project should take a pro-active approach towards PRISMS and keep PRISMS apprised of its plans, so that PRISMS will be able to suggest areas of collaboration while PRISMS, in turn, will continue as it has been doing and keep the MSME project informed of its plans. Out of the meeting came the first agreed collaboration, which is that the MSME project will join PRISMS in providing UBA's planned NBFi equity/loans fund with design technical assistance. Additionally, WBG reiterated that it would appreciate PRISMS' collaboration for the leasing enabling environment creation.

- **CBN & Commercial Banks Study Visits:** PRISMS has provided both CBN and its commercial bank partners with written descriptions of USAID/Jordan's many financial services initiatives and noted which initiatives could be instructive each. This has resulted in considerable interest on the part of each, so PRISMS is developing a costing per person of study visits, plus establishing coordination with USAID's Jordan AMIR Program to assist with the planning and undertaking of the study visits.

SECTION III

Detailed Activities and Progress Against Benchmarks

PRISMS' first annual *work plan* lays out planned activities as well as end-of-year benchmarks on the way to achieving project impact. Benchmarks (also known as project outputs), are specific activities to be completed that are meant to eventually bear fruit, but are not targets that measure final impact. A benchmark is considered to be achieved once an activity or output is completed--for example, once a training workshop is completed. On the other hand, PRISMS' intended results are laid out in its *performance monitoring plan*. A result is a final measurable impact that flows or is expected to flow from project activities. PRISMS' Intermediate Results (PIRs) feed into a project goal, and also feed into USAID/Nigeria Mission level sub-intermediate results, which then feed into SO12 Intermediate Results 12.2 and 12.4.

Below, activities for each PRISMS Intermediate Result (PIR) and Key Results Area (KRA) are detailed. Following each specific PIR and KRA is commentary on progress toward end-of-year benchmarks.

A. PIR 1: Improved Capacity of Commercial Banks to Serve MSME Sector

PIR 1 activities represent PRISMS' activities in direct support of commercial banks, either through direct training and technical assistance interventions or, through the triggering of "copy-cat" or multiplication effects supported by integrated project communications, including holding workshops, the maintenance of an informational and interactive website and, competitive market pressure.

A1. KRA 1.1: Improved Capacity of Commercial Banks to Serve MSMEs

KRA 1.1 Activities.

- **Additional Cooperating Commercial Banks:** During the quarter PRISMS introduced itself to an additional six commercial banks and as a result PRISMS presently has cooperative arrangements with the SME units of nine banks, which are: United Bank for Africa; Union Bank of Nigeria; Prudent Bank; First Bank of Nigeria; Platinum Bank; Zenith Bank; EcoBank; NAL Bank; AfriBank. All have demonstrated interest in working with PRISMS to access the MSME market and several are considering initiatives suggested by PRISMS, which results in frequent communication between PRISMS and those banks.
- **MSME Mapping Survey Report:** The draft report of the MSME mapping survey commissioned by PRISMS, has been delivered by Development Associates. The report is undergoing thorough editing by PRISMS, as it is a high-quality deliverable in every respect except the quality of its English composition. Once the editing is finished, the report will be sent to the Mission for review and then finalization. Once finalized, the report will be released to all interested commercial banks.
- **United Bank for Africa:** UBA has requested PRISMS technical assistance for the design phase of a fund with an initial capitalization of \$15 million, which will both invest in NBFIs serving the MSME market, as well as providing such NBFIs loan capital

funding facilities. PRISMS has agreed to provide the international consultant, while UBA will provide the local consultants. Additionally, PRISMS obtained UBA's agreement to approach the World Bank Group's new MSME project to join with provision of technical assistance to the fund and WBG has agreed. PRISMS has provided UBA with terms of reference for provision of the international consultant, which UBA management is now reviewing.

- **Commercial Banks Study Visits:** PRISMS has provided its commercial bank partners with written descriptions of USAID/Jordan's many financial services initiatives and, noted which initiatives could be instructive. This has resulted in considerable interest on the part of the banks, so PRISMS is developing a costing per person of study visits, plus coordinating with USAID's Jordan AMIR Program, to assist with the planning and oversight of the study visits.
- **Prudent Bank NBF1 Assessment:** For one year Prudent Bank has extended a loan capital funding facility to a community bank, but PB is unhappy with the relationship as it is not going as PB intended. In order to salvage the arrangement, plus provide a model for future such arrangements by PRISMS' partner commercial banks, PRISMS offered to assess the relationship and make recommendations. PB accepted the offer and PRISMS and PB are jointly currently undertaking the assessment and agreeing salvage recommendations.

KRA 1.1 Benchmarks. The table below summarizes benchmarks included in the first annual PRISMS work plan. Each benchmark is laid out to be completed by the end of year one (September 2006). An analysis of progress toward completion of the benchmark corresponds to each benchmark in the table.

Year One Benchmark	Mid-Year Status
MSME field survey completed and report written	Field work is complete and the draft report written and being edited
MSME survey report results disseminated through website, newsletter, workshop, and other means	A workshop is planned for early April. The website will also be used to support dissemination.
Due diligence tool and training of trainers curriculum developed and delivered to partner commercial banks	After review of the tool's first draft, it was determined that revision is necessary, which is now being undertaken.
Wholesale credit facilities designed with partner banks	PRISMS is representing LAPO to commercial banks to obtain loan capital funding credit facilities; once success has been achieved, it will facilitate obtaining such for community banks and other MFIs.
One bank-owned, MSME-dedicated bank subsidiary established	UBA management has agreed to establishment of an equity-investment/loan capital funding Fund, the assessment and design for which PRISMS will soon provide technical assistance.
Three partner bank trainers trained in cash-flow/character/enterprise-based lending	Development of the course curriculum is underway.
Two partner banks completed bank-	Planning for study visits is presently being undertaken

funded study visits	with USAID/Jordan's AMIR Program.
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A2. KRA 1.2: Increased Awareness by Partner Banks of MSME Market

KRA 1.2 Activities.

- **Additional Cooperating Commercial Banks:** The six additional banks with which PRISMS has agreed cooperation, are being made more aware of the MSME market as a result of their and PRISMS' ongoing relationship activities.
- **LAPO Funding Proposal:** PRISMS presented the LAPO proposal to nine banks for consideration and follows-up weekly. As a result, those nine banks are becoming increasingly aware of the MSME financing opportunities.
- **Prudent Bank NBFI Assessment:** PRISMS is undertaking the assessment and formulating the recommendations, jointly with Prudent, which is providing Prudent much greater insight into how to service the MSME market that it previously possessed.
- **United Bank for Africa:** It is thanks in part to PRISMS' relationship with UBA that UBA management has decided to go ahead with design of an NBFI equity and loan capital lending, fund, as PRISMS has continually provided UBA with information regarding how to service the MSME market.
- **Study Visits:** The study visits now being planned for selected commercial banks will have the great advantage of enabling PRISMS to show, rather than only tell, banks how to enter the MSME market.
- **MSME Mapping Survey Report:** Once the final report is issued, it will go far to providing banks with information about the MSME sector which they now lack.

KRA 1.2 Benchmarks.

Year One Benchmark	Mid-Year Status
Communications strategy for commercial banks in place.	This work is complete.
Partner banks attend PRISMS' workshop.	A workshop is planned for late April and contacts with new banks continue to broaden, as emphasized in activities above.
Two partner bank study tours completed.	Several banks are interested in study visits to Jordan and planning for such visits is presently underway by PRISMS and USAID/AMIR Jordan.

B. PIR 2: Increased Capacity of NBFIs to Serve MSMEs

This PIR represents project activities on behalf of non-bank financial institutions (NBFIs), including community banks and microfinance institutions, to enable them to access commercial bank resources and on-lend same to MSMEs.

B.1 KRA 2.1: Increased Capacity of NBFIs to Attract Commercial Loan Capital Funding

KRA 2.1 Activities:

- **LAPO Funding Proposal:** The LAPO loan capital funding proposal is the first such NBFI funding proposal which PRISMS has submitted to commercial banks. The proposal has been submitted to nine banks, of which four are demonstrating considerable interest. Once at least one of the banks agrees to provide LAPO with a loan capital funding facility, such will make it possible for PRISMS to submit proposals on behalf of additional NBFIs.
- **Collaboration with Grameen Foundation:** Grameen Foundation (GF) desires to expand its Nigerian activities beyond its support of LAPO and has suggested collaboration with PRISMS, to which PRISMS has agreed. PRISMS' first step has been to facilitate contact between the IFAD/FAO Rural Finance Project and GF, so that both can discuss joint initiatives on behalf of rural financial institutions.
- **IFAD/FAO Rural Finance Project Design Assistance:** The designers of the IFAD/FAO project are aware that PRISMS is well placed to advise regarding certain aspects of the project's design for increasing the institutional capacity of NBFIs and as such, PRISMS' inputs have led to changes in the project design.
- **USAID JOBS Project:** PRISMS has provided substantial assistance to development of a co-lending arrangement with JOBS to provide loan financing to certain graduates of JOBS' vocational training programs. If the NBFI with which the arrangement has been developed demonstrates competency in administration of the arrangement, that record could be of use in the NBFI obtaining loan capital funding from a commercial bank.
- **Prudent Bank NBFI Assessment and Recommendations:** What Prudent is learning from this joint exercise with PRISMS, is what should have been done at the outset with the design for Prudent's NBFI loan capital funding relationship. Now that PRISMS is demonstrating such to Prudent, it is likely that PRISMS will be able to interest Prudent in provision of a loan capital facility to an additional NBFI.
- **Other Financial Institutions Department-CBN:** The training course which PRISMS is developing for OFID examiners on understanding microfinance institutions, should lead to OFID being able to offer much sounder supervision to NBFIs, thus making the NBFIs more eligible for commercial bank funding facilities.
- **United Bank for Africa:** The NBFI equity investment/loan capital funding facility which PRISMS is assisting UBA to develop, will be of enormous help to NBFIs in availing commercial capital in the form of equity investment and/or loan capital funding facilities.
- **GTZ-PRISMS Training Delivery Collaboration:** This collaboration will enable the delivery of far more institutional capacity training to NBFIs than is presently provided,

which in turn will contribute to certain NBFIs attractiveness to commercial banks as loan capital recipients.

- **Commercial Bank Study Visit:** Commercial bank study visits to Jordan, will enable those banks to observe the mechanism put into place by USAID/AMIR, to facilitate the provision by commercial banks of loan capital to NBFIs and, thereby, contribute to banks' willingness to do so to Nigerian NBFIs.

KRA 2.1 Benchmarks

Year One Benchmark	Mid-Year Status
20 private training institution trainers trained in community bank strategic management and board governance.	GTZ and PRISMS are in process of developing a collaborative arrangement for delivery of management, governance and lending courses.
Three agreements in place with partner donor institutions for support of institutional capacity development of community banks that are in partnership with PRISMS partner banks.	Agreements are not yet possible, as the partner donor projects are not yet in operation.

C. PIR 3: Improved Enabling Environment

This PIR represents PRISMS' activities in collaboration with the Central Bank to improve the overall supervisory and regulatory enabling environment for provision of finance to MSMEs.

C.1 KRA 3.1: Enhanced Policy/Regulatory Framework for MSME Financial Services.

This KRA focuses on improved policy and enabling environments for provision of finance to NBFIs by commercial banks and NBFIs, as well as collaborative arrangements between PRISMS and donor partners.

KRA 3.1 Activities:

- **Tripartite Consolidation Assessment:** The tripartite consultant team (USAID-World Bank-DFID) spent two weeks in Nigeria meeting with both GON and private financial sector officials. PRISMS provided all the local consulting expertise, research materials and logistical support for the team. The team departed satisfied that all necessary officials had been interviewed and sufficient data collected for completion of the assessment report and recommendations. The draft report will be issued during March.
- **Grameen Foundation USA:** Grameen Foundation is the primary provider of support and technical assistance to LAPO and met with PRISMS during GFs most recent visit to Nigeria. In addition to discussing PRISMS' efforts to obtain loan capital facilities for LAPO, GF

explained that it wants to expand its assistance efforts in Nigeria beyond LAPO; PRISMS therefore suggested that GF and PRISMS partner in such an effort and PRISMS has already facilitated contact between GF and the forthcoming IFAD/FAO Rural Finance Project.

- **IFAD/FAO Rural Finance Project Design Assistance:** The IFAD/FAO design team visited PRISMS to discuss its most recent draft design and PRISMS suggested a number of substantial changes, which have now been incorporated into a new draft design which is presently being reviewed internally.
- **GTZ/PRISMS Training Delivery Collaboration:** GTZ is engaged in limited training of community banks but doesn't have the resources to develop additional course material, whereas PRISMS has already developed one course for community banks and is in the process of developing two more, but should not be in the community banks training business. So, PRISMS and GTZ have agreed that PRISMS will provide the collaboration with the three course curricula which it has developed and is developing and, PRISMS and GTZ will engage Development Associates to both align their respective curricula, as well as deliver the TOT. GTZ will then ensure that the trained trainers deliver the course materials to community banks until the IFAD/FAO Rural Finance Project is in operation, at which time GTZ and IFAD/FAO will collaborate on facilitating delivery of the training.
- **PRISMS/World Bank Group MSME Project:** The PMU which will oversee WBG's MSME project is in process of establishment and the PMU's team leader and one of the Washington-based design team visited PRISMS to further the ongoing discussions about collaboration. PRISMS stressed that the MSME project should take a pro-active approach towards PRISMS and keep PRISMS apprised of its plans, so that PRISMS will be able to suggest areas of collaboration while PRISMS, in turn, will continue as it has been doing and keep the MSME project informed of its plans. Out of the meeting came the first agreed collaboration, which is that the MSME project will join PRISMS in providing UBA's planned NBFi equity/loans fund with design technical assistance. Additionally, WBG reiterated that it would appreciate PRISMS' collaboration for the leasing enabling environment creation.
- **DFD Study Visit:** DFD wants to join the eventual OFID MSME financial services study visit to Jordan, so planning for the visit will be done in conjunction with DFD.

KRA 3.1 Benchmarks

Year One Benchmark	Mid-Year Status
Agreement signed between PRISMS and CBN/DFD	DFD is not yet in a position to sign agreements with PRISMS, however it is likely the first agreement to be signed will be that relating to the Jordan study visit.
Advocacy meetings held between PRISMS/DFD.	PRISMS continues to have weekly discussions with DFD about a variety of matters.
Models of credit bureau enabling environment and leasing statute examples provided by PRISMS for World Bank's use in drafting of reform legislation.	The World Bank project is not yet operational, so has yet no need for the examples.

C.2. KRA 3.2: Increased Capacity of OFID to Supervise NBFs Serving the MSME Sector.

KRA 3.2 Activities:

- **OFID MFIs Training Course:** PRISMS is currently developing, at OFID's request, a course for OFID examiners in the understanding microfinance institutions' structures, operations and procedures, as no OFID examiners presently possess such knowledge, yet with the issuance of the forthcoming MSME finance regulation, many new microfinance institutions will apply for licensing, plus many community banks will convert.
- **Study Visit:** PRISMS and OFID are in discussion about a study visit to Jordan for selected OFID personnel, where a great many MSME financial services initiatives can be observed in a short time, including Central Bank of Jordan regulatory activities.

KRA 3.2 Benchmarks

Year One Benchmark	Mid-Year Status
Agreement with CBN/OFID.	A written agreement is in place between OFID and PRISMS for the development and delivery of a microfinance institutions introductory course to OFID examiners.
OFID study tour to Jordan completed.	Discussions are underway, however OFID cannot at this time allow the personnel to go due to workload
Ten OFID trainers received TOT for delivery of microfinance familiarization course	The course is under development.
OFID trained trainers train other examiners	The course is under development

SECTION IV

Progress Against Targets

Indicator Number	Indicator Description	LOP Target	Results to Date
1	Total value of commercial bank funds loaned to the MSME sector via subsidiaries and wholesale loans to NBFIs	200 million	13.5 million
1.1	Number of MSME loans disbursed by commercial banks through subsidiaries	1,000	
1.2	Value of MSME loans disbursed by commercial banks through subsidiaries	100 million	
1.1.1	Number of partnerships established between PRISMS partner commercial banks and NBFIs	30	1
1.1.2	Number of new subsidiaries serving MSME sector	3	
1.2.1	Number of partner commercial banks adopting MSME services models	10	1
2.1	Number of MSME loans disbursed by NBFIs from wholesale credit facility provided by PRISMS partners banks	1,000	52
2.2	Value of MSME loans disbursed by NBFIs from wholesale credit facility provided by PRISMS partners banks	100 million	10 million
2.1.1	Number of wholesale loans from PRISMS partner banks to NBFIs	30	1
2.1.2	Value of wholesale loans from PRISMS partner banks to NBFIs	100 million	10
3.1	Number of policies approved/revised by CBN for the MSME sector	2	
3.2	Number of OFID trainers trained	10	
3.1.1	Needed revisions to SMIEIS funds policy undertaken by DFD	Yes - agreed	
3.1.2	MSME regulatory policy approved by DFD/CBN	Yes - approved	
3.2.1	Number of OFID Examiners trained on PRISMS Developed MFI Supervisory Course by OFID trainers	135	

SECTION V

Opportunities/Constraints/Upcoming Activities

The financial services environment within which PRISMS (and its donor financial services project partners) operates is rich with opportunities, as financial services in Nigeria are so woefully underdeveloped and the needs so basic and apparent. This, combined with the eagerness and desire on the part of existing and potential financial services providers that appropriate products, delivery methodologies and enabling environments be developed, provides enormous scope for financial services development projects to effect substantial accomplishments.

However, PRISMS does face some significant constraints. Valuable time for PRISMS is being lost relative to the commercial banking industry, because of: the distraction of bank managements with banks consolidation, because the new CBN MSME lending regulation which was to have been approved and issued months ago, continues to be debated at the board level of CBN: and, the ongoing reservations of senior managements regarding MSME financing which, however, in some cases, PRISMS in concert with MSME financing advocates in the banks are gradually eroding.

Despite the constraints, PRISMS is making remarkable progress with the commercial banks, with CBN's OFID and, with agreeing collaboration with PRISMS' donor partners, as the foregoing report sections illustrate.

Major activities for the coming quarter include:

- Formal World Bank issuance of the tripartite PRISMS-WB-DFID capitalization impact assessment report.
- Formal release of the PRISMS MSME "mapping" survey and undertaking of the accompanying workshops.
- Completion of the three courses curricula and the joint plan with GTZ for TOT and courses delivery.
- Completion of curriculum for OFID examiners course.
- Agreement with WB for mortgage lending enabling environment creation collaboration.
- Sufficient commercial bank loan capital funding facilities extended to LAPO by commercial banks, for LAPO's expansion.
- Agreement with the SMIEIS revision and mortgage enabling environment sub-committees of the Bankers' Committee, for collaboration.
- Completion of the assessment and recommendations report for Prudent Bank's troubled NBFi relationship.
- Completion and approval of the scope of work for PRISMS' technical assistance to the feasibility study and design phases of UBA's planned NBFIs equity investment/loan capital funding fund.
- Development of the Grameen Foundation-PRISMS relationship.
- Completion of and TOT for the commercial banks assessment methodology of potential NBFi partners.

- Agreement with the World Bank Group MSME Project of collaborative endeavors.
- Completion of the OFID microfinance institutions examiners course curricula.
- Completion of planning for commercial banks and OFID/DFD study visits to Jordan.

